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SUBJECT: MINISTER ASKS FOR SIGNAL OF USG OPENNESS TO AN FTA PRIOR TO VAZQUEZ-POTUS MEETING

REF: A. MONTEVIDEO 0306

[1](#)B. MONTEVIDEO 0229

Classified By: Charge d'Affaires James D. Nealon
for reasons 1.4 (b) and (d).

[1](#)1. (U) This is an action request. Please see Para #5.

[1](#)2. (C) Summary: Charge met with Industry Minister Lepra on April 10, shortly after Lepra's return from the Joint Commission on Trade and Investment (JCTI) meeting in Washington. Lepra was positive about the JCTI's atmospherics but stressed that an FTA had to be the necessary next step. There is strong Cabinet consensus, he said, that "this is the best thing we can do for our country." He was clearly worried, however, that time was running out and that, only three weeks away from the Vazquez-POTUS meeting, the GOU still did not know how the USG would respond to a Vazquez request to open negotiations on an FTA. "I don't want to throw my President into a pool without water," Lepra said. He requested a backchannel signal regarding U.S. openness to an FTA with Uruguay. Lepra also mentioned that Vazquez intended to meet with USTR Portman, Commerce Secretary Gutierrez and a group of Republican senators "favorably disposed towards Uruguay." Post requests Department guidance on the likely U.S. reply to Vazquez's expected FTA offer. End Summary.

[1](#)3. (C) Charge met with Industry Minister Lepra on April 10, shortly after Lepra's return from the U.S., where he led the GOU delegation at the latest JCTI meeting. Lepra was positive about the JCTI's atmospherics and looked forward to some progress on a few specific issues. He stressed that an FTA had to be the next step, however, and repeatedly emphasized that now was the time for Uruguay to grab this opportunity, especially in view of next year's TPA expiration. Lepra believed that the GOU's willingness to enter into negotiations and its preparation for this eventuality over the past several months would lead to quick agreement prior to year's end (Note: This tracks with what we heard from Economy Ministry International Trade staff. End Note.)

[1](#)4. (C) Asked about internal support for an FTA with the U.S.,

Lepira stressed that there was a strong Cabinet consensus, with only ForMin Gargano (Socialist) and Social Programs Minister Arismendi (Communist) against. He noted that even influential MPP leader and AgMinister Mujica was in favor. We are convinced this is the best we can do for our country," Lepira said. When Charge asked how Mercosur would react to FTA negotiations with the U.S., Lepira said the GOU was convinced that the trade bloc would grant Uruguay the exception necessary to negotiate bilaterally with the U.S. Lula and Vazquez have good relations," he said, and he believed that Kirchner would approve it also. He noted that a similar exception had been granted to Uruguay when it negotiated its bilateral FTA with Mexico, a negotiation led by now-Ambassador to the U.S. Carlos Gianelli.

¶5. (C) Lepira said the GOU was holding back, due to the lack of clear signals from Washington about U.S. openness to an FTA with Uruguay. While he admitted that neither he nor Ambassador Gianelli had formally asked for an FTA when in Washington, he noted they had talked at length with USG interlocutors about what FTA negotiations would entail, TPA timing and other related issues. Lepira was clearly worried about the reply President Vazquez would receive in Washington. "I don't want to throw my President into a pool without water," he said. He requested a backchannel signal from the USG about our receptivity to a Vazquez request. Vazquez is ready to ask for an FTA when in Washington, Lepira said, and he understands that the time has to be now (see ref B). Charge replied that he would try to elicit some answer prior to Vazquez's departure for Mexico and the U.S. on April 25. Post requests Department's guidance on reply to be relayed to GOU.

¶6. (C) Lepira then discussed Vazquez's schedule. The presidential party will include ForMin Gargano, Economy Minister Astori and himself, and will spend April 26-28 in Mexico, and April 29-May 4 in Washington, before flying out through New York. Lepira mentioned that Vazquez would request meetings with USTR Portman and Commerce Secretary Gutierrez, most probably on May 2 or 3. A coffee was also being arranged with a group of Republican senators "favorably disposed towards Uruguay" on May 2 (Note: We understand these may include Senators Lugar, Martinez and Coleman. End Note.) The presidential party will leave Washington for New York in the afternoon of May 4, after the POTUS meeting.

¶7. (C) Comment: Lepira and other GOU supporters of an FTA (among them Astori and Mujica) clearly believe that the FTA issue has come to a head, with the Vazquez-POTUS just three weeks away, and that the time to move forward is now, given TPA constraints. GOU negotiators appear to have been preparing themselves for this eventuality for several months and believe that a negotiation could be quickly wrapped up. They believe that Vazquez can handle any opposition from Mercosur partners through existing channels, as they did when they negotiated an FTA with Mexico. For our part, we need to be able to convey a signal back to the GOU, whether positive or negative, prior to President Vazquez's departure on April 25. End Comment.

Nealon